

AGOA AND GHANA



THE AFRICAN GROWTH AND OPPORTUNITY ACT

“AGOA allows duty-free access to the United States market for virtually all of Ghana’s actual and potential exports”

“AGOA has helped Ghana export goods such as yams, cocoa, apparel and nuts duty-free to the US”

“AGOA trade preferences are available to Ghana until 2025”

“AGOA preferences offer a valuable competitive advantage to Ghana’s exporters”

GHANA | AGOA

Ghana was designated an 'AGOA beneficiary' on 2 October 2000. On 20 March 2002, AGOA benefits were also extended to Ghana's textile sector, following the successful implementation of an apparel 'visa system' required for managing adherence with AGOA's Rules of Origin provisions.

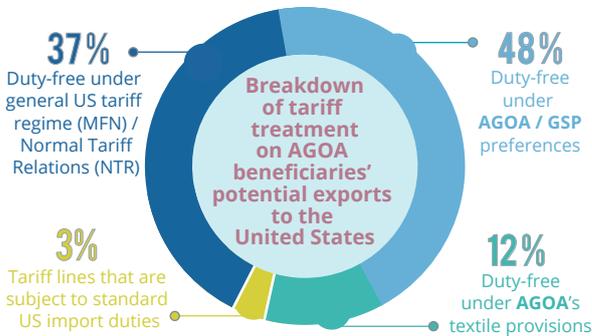
AGOA.info
African Growth and Opportunity Act
www.AGOA.info



Ghana is one of 39 Sub-Saharan African countries that currently enjoy duty-free export status to the United States for +- 6,500 products through a combination of AGOA and GSP preferences.

GHANA'S PREFERENTIAL MARKET ACCESS TO THE UNITED STATES

Percentages relate to +/- 11,000 possible tariff lines



AGOA: CORNERSTONE OF US-AFRICA TRADE RELATIONS

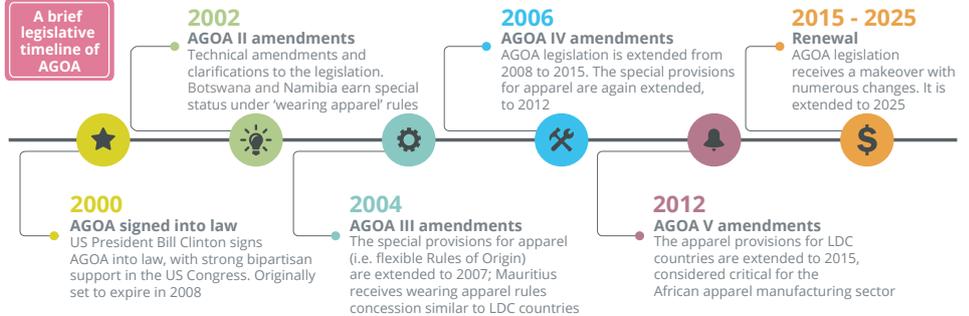
WHAT IS AGOA?

- **AGOA**, short for the *African Growth and Opportunity Act*, forms part of United States trade legislation. AGOA was signed into law in May 2000 as Public Law 106. It offers special access to its market to Sub-Saharan African beneficiary countries like **Ghana**, but also provides a framework for other US support to, and engagement with, African countries. Originally set to expire in 2008, AGOA has been extended a few times, most recently in 2015 and for a period of 10 years (now to **2025**).
- AGOA builds on - and significantly enhances - the trade preferences of the US Generalized System of Preferences (GSP). Along with the GSP, it provides qualifying Sub-Saharan African beneficiary countries with non-reciprocal duty free access to the US market for approximately **6,500 products**, including for some categories generally considered to be 'sensitive'.
- Qualifying products* under AGOA include textiles and clothing, motor vehicles and parts, many agricultural products including macademia nuts, leather products, chemicals, wine, travel luggage, machinery and equipment, and many more.

* Subject to complying with the Rules of Origin (local processing requirements)

AGOA RULES OF ORIGIN

Rules of Origin (RoO) are the criteria used to determine the national origin of a product. RoO form an integral part of preferential trade arrangements, and under AGOA help ensure that market access preferences are correctly linked to imports from an AGOA beneficiary country. The RoO prescribe the minimum local processing or local content required for a product to obtain origin status of the (exporting) country: only 'originating' products receive preferential entry (into the United States) in terms of the AGOA legislation.



AGOA RULES OF ORIGIN: TEXTILES AND CLOTHING

- Qualifying **apparel** (garments) must be **made up locally** (cut, make, trim); however fabric sourced from anywhere in the world* may be used for this purpose.

* Ghana qualified for the 'third country fabric' provision on 2 March 2002.

- **Textiles** (yarns, fabric of Chapters 50-60 and 63) from **Ghana** or any other AGOA 'lesser developed beneficiary country' also qualify under AGOA provided that they are wholly produced from locally made fibres, yarns, fabrics, or components knit-to-shape in such countries.

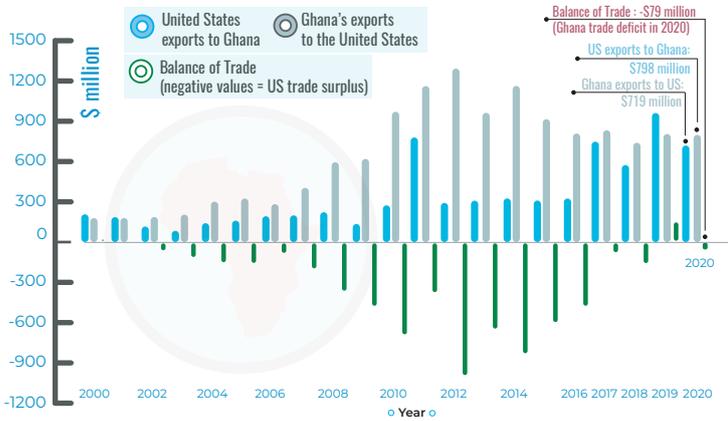
AGOA RULES OF ORIGIN: OTHERS PRODUCTS

- Products must be the '*growth, product or manufacture*' of one or more AGOA beneficiary countries, or if some imported / non-originating materials are used, the cost of local materials + direct cost of processing must equal **at least 35% of the product's appraised value** at the US port of entry. Up to 15% (of the 35%) may consist of US materials.

BASIC AGOA EXPORT CHECKLIST

- Correctly identify the unique HTS tariff code of product. See: <https://hts.usitc.gov> [turn over page for QR code]
- Check if product is AGOA / GSP eligible (0% duty) [Tariff Code 'D' for AGOA, or 'A' for GSP]
- Alternatively: Check applicable duty, or whether duty-free status under general US import tariff rules
- Ensure compliance with **Rules of Origin** requirements
- Obtain certificate of origin / endorsement from national customs / revenue service

UNITED STATES TRADE IN GOODS WITH GHANA SINCE THE START OF AGOA PREFERENCES IN 2000



Trade in goods between the US and GHANA	2000	2019	2020
Ghana's exports to the United States	\$ 206m	\$ 961m	\$ 719m
United States exports to Ghana	\$ 179m	\$ 805m	\$ 798m
Balance of Trade (pos. values = in favour of Ghana)	\$ 28m	\$ 156m	\$ -79m

Data in \$ million. Source: USITC Dataweb database. US domestic exports (FAS) vs. US imports for consumption (at customs value)



United States exports to Ghana | 2019-2020

'Used or second hand goods' represents the largest export category by the US to Ghana - comprising mainly used passenger motor vehicles, and to a lesser extent industrial goods such as front-end loaders). Construction machinery also saw a sizeable increase during 2020 compared to the previous period. A diverse range of mainly industrial goods and new motor vehicles account for much of the remaining trade.

The leading US exports to Ghana (at NAIC8 level) over the period 2019 - 2020 are listed below.

	2019	2020	2019	2020	
Used or second-hand goods	\$85m	\$145m	Light duty motor vehicles	\$39m	\$52m
Construction machinery	\$15m	\$78m	Other transportation equipment, parts	\$42m	\$66m
Plastics materials, resins	\$61m	\$60m	Computers, magnetic readers etc.	\$6m	\$8m
Poultry, prepared or preserved	\$57m	\$55m	Other plastics products	\$10m	\$19m

Ghana's exports to the United States, by programme, since 2000 | \$ million

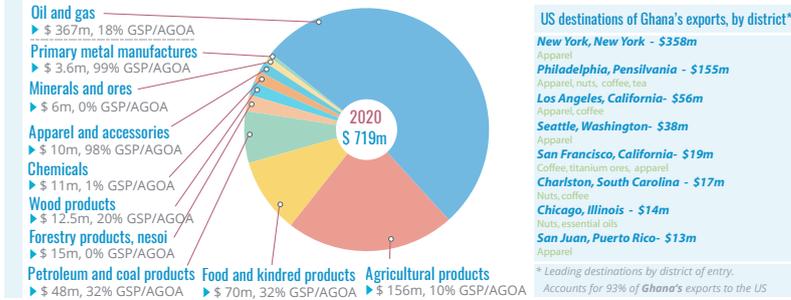
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Exports under AGOA	0	33	23	29	63	50	35	56	32	2.3	2	414	17	61	57	10	30	312	331	417	107
Exports under GSP	14	10	12	11	11	10	11	12	11	17	45	41	45	31	23	25	37	32	26	24	30
No preferences claimed	193	143	81	43	67	100	147	130	180	116	226	324	230	217	245	275	258	403	217	520	583
TOTAL country exports to US	206	185	116	84	140	159	192	199	222	135	273	779	292	308	325	309	324	748	774	961	719

Data in \$ million. Source: USITC Dataweb database. Totals may not perfectly correspond due to rounding

Ghana's exports to the United States in 2020, by sector

Any % values denote share that entered the US duty-free under AGOA. Remaining trade is mostly duty-free under MFN

The graphic below provides an overview of the sectoral spread of Ghana's exports to the United States during 2020.



Overview: Ghana's duty-free exports to the United States

Ghana has historically been a net importer of goods from the US, although in recent years trade has become far more balanced. Oil and gas account for the majority of Ghana's US-bound exports, followed by agricultural and food products. Apart from energy related exports, significant other exports comprise cocoa products, root vegetables (mainly yams), clothing, wood, and various food preparations.

Ghana's exports to the US during 2020 were worth \$719 million (2019: \$961 million), while the country imported goods worth \$798 million from the US during the same year.

Ghana's main imports from the US include motor vehicles (mostly under the 'used or second hand' category), various industrial goods, plastic material, and poultry.

Very few products are subject to US import duties; the rest qualify for GSP / AGOA, or are duty-free under the US' WTO commitments - the 'normal tariff relations' schedule.

For goods to qualify for preferential market access, they must be classified as AGOA / GSP eligible, and it must be demonstrated that they are a product of Ghana by adhering to the rules of origin provisions. Less than \$1m in import duties were payable on Ghana's exports to the US during 2020; these were levied on certain petroleum oils imports.

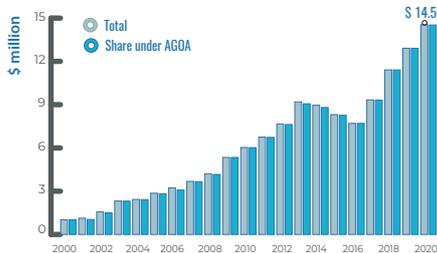
* Normal US import duties (if applicable to a product) are levied when local origin status of the preferential exporter country (through compliance with the relevant Rules of Origin) can not be demonstrated on importation.

TRADING UNDER AGOA: SOME OF GHANA'S PRODUCT EXPORTS TO THE UNITED STATES

Yams and similar root veg (HTS 0714)

2020: \$14.5 million exports under AGOA

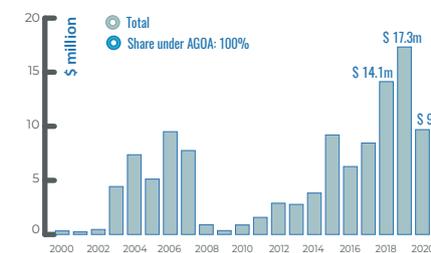
Ghana began exporting yams ('fresh, chilled, whether or not sliced or in the form of pellets') to the US in 2012, with all exports benefiting from AGOA/GSP preferences, thus avoiding standard US import duties ('normal tariff relations') of 6.4%. Between 2000-2020, Ghana's exports of yams under this heading amounted to \$131m, accounting for the vast majority of exports from the group of AGOA beneficiary countries.



Apparel (HTS Chapters 61, 62)

2020: \$9.5 million exports under AGOA

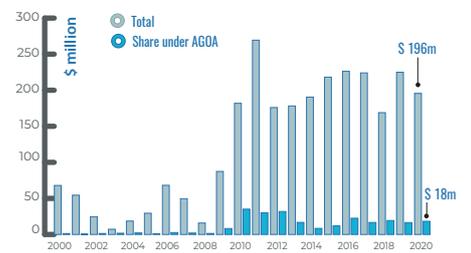
Apparel qualifies for AGOA preferences along with flexible rules of origin that allow the use of local or imported fabric. Since 2000, Ghana has exported \$109m worth of apparel to the US under duty-free AGOA preference, with a strong upward trajectory in recent years until 2020, a pandemic-constrained trading year that saw a decline in US exports. Most apparel exports are made up of knitted sweaters and mens' shirts, of man-made fibers.



Cocoa - beans/powder/paste (HTS Ch 18)

2020: \$196 million exports to US

Cocoa has been one of Ghana's most valuable export commodities to the US over the past two decades, with \$2.5 billion in US-bound exports over the period 2000-2020. While the majority comprises cocoa beans (duty-free under normal tariff relations), almost 30% comprises cocoa in powder or in paste form; of this, a significant share is imported by the US from Ghana under AGOA preference (cocoa powder, defatted cocoa paste).



SCAN CODE

Use any QR Reader app or scan code with your phone camera

- Ghana AGOA Strategy
- Ghana AGOA Trade Data
- US Tariff Schedule and HTS Lookup
- AGOA FAQ on AGOA.info
- Ghana Revenue and Customs Authority
- Ghana Chamber of Commerce
- US-Africa Annual AGOA FORUM
- US Embassy Ghana
- List your business AGOA BUSINESS CONNECTOR



Acknowledgements

This Infographic has been created by the Trade Law Centre (tralac) and replaces an earlier (2018) version. The AGOA.info web portal forms part of tralac's offerings.

Eckart Naumann | TRALAC 2021